

**SECTION 2**  
**EXHIBIT 5B**  
**ILLUSTRATIVE TEMPLATE FOR A QUALIFIED STATEMENT OF ASSURANCE**

Memorandum

To: Assistant Secretary - Policy, Management and Budget  
Attention: Director, Office of Financial Management

Through: Assistant Secretary

From: Bureau/Office Director

Subject: FY 200X Annual Assurance Statement on Internal Control

The [bureau/office] management is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of the Federal Managers' Financial Integrity Act (FMFIA). The [bureau/office] is able to provide a qualified statement of assurance that the internal controls and financial management systems meet the objectives of FMFIA, with the exception of [number] material weakness(es) and [number] non-conformance(s). The details of the exception(s) are provided in Exhibit [xx].

The [bureau/office] conducted its assessment of the effectiveness of internal control over the effectiveness and efficiency of operations and compliance with applicable laws and regulations in accordance with departmental guidance and OMB Circular A-123, *Management's Responsibility for Internal Control*, dated December 21, 2004. The objectives of this assessment are to ensure that:

- Programs achieve their intended results;
- Resources are used consistent with agency mission;
- Resources are protected from waste, fraud, and mismanagement;
- Laws and regulations are followed; and
- Reliable and timely information is maintained, reported, and used for decision-making.

In performing this assessment, the [bureau/office] relied on the knowledge and experience management has gained from the daily operation of its programs and systems of accounting and administrative controls, and information obtained from sources such as internal control assessments, OIG and GAO audits, program evaluations and studies, audits of financial statements, and performance plans and reports. The following specific internal control assessments conducted by the bureau, and audits and/or reviews conducted by the OIG and/or GAO were relied upon to support the conclusions expressed herein.

		Results
Assessment /Audit	Date Completed	(Material Weakness or Best Practice)
(List or attach list)		

### **Statement of Qualified Assurance (con't)**

Based on the results of the evaluation, the [bureau/office] identified [number] material weakness(es) in its control over the effectiveness and efficiency of operations and compliance with applicable laws and regulations as of September 30, 200X. Other than the exceptions noted in Exhibit [xx], the internal controls were operating effectively and no other material weaknesses were found in the design or operation of the internal controls.

In addition, the [bureau/office] conducted its assessment of the effectiveness of internal control over financial reporting, which includes safeguarding of assets and compliance with applicable laws and regulations, in accordance with the requirements of Appendix A of OMB Circular A-123. Based on the results of this evaluation, the [bureau/office] can provide reasonable assurance that its internal control over financial reporting as of June 30, 200X was operating effectively and no material weaknesses were found in the design or operation of the internal control over financial reporting.

The corrective action reports for material weaknesses and/or accounting system non-conformances identified in the FY 200X assessment, or carried over from the prior fiscal year, are attached. These reports identify the nature of the weakness or non-conformance, its cause and effect, appropriate interim milestones in the corrective action plan, progress to date, metrics used to measure progress and insure correction, the funds set aside to correct the weakness, and the individuals, including field officials, accountable for the timely completion of stated corrective actions. (If any material weakness corrective action plan targeted for completion in FY 2005 was not completed as planned, please report the reasons for the slippage and a summary of what actions remain.) The existence of these material weaknesses or accounting system non-conformances does/does not prevent the [bureau/office] from providing reasonable assurance on the effectiveness of its internal control taken as a whole.

I also conclude that the [bureau/office's] information technology systems generally comply/do not generally comply with the requirements of the Federal Information Security Management Act (FISMA, and Appendix III of OMB Circular A-130, Management of Federal Information Resources.

Further, I conclude that the [bureau/office] substantially complies/does not substantially comply with the three components of the Federal Financial Management Improvement Act (FFMIA): Financial system requirements, Federal accounting standards, and the U.S. Standard General Ledger at the transaction level.

Attachments